



STATE INVESTMENT BOARD
BOARD ADOPTED POLICIES

POLICY NUMBER: 2.00.800

EFFECTIVE DATE: 4/16/98

TITLE: Internal Audit Charter

SUPERSEDES: N/A

BOARD ADOPTION: 4/16/98

APPROVED: James F. Parlier

PURPOSE:

The purpose of this statement is to clarify the objective of the Internal Auditing Unit, specify the scope of its work, and define authority and responsibility of the internal audit staff.

POLICY:

OBJECTIVE AND SCOPE

The Washington State Investment Board (WSIB) has created an internal audit function in accordance with the *Revised Code of Washington (43.88.160)*. This RCW mandates the WSIB to follow the standards for the professional practice of internal auditing as promulgated by the Institute of Internal Auditors (IIA). The primary objective of the Internal Auditor is to assist management to effectively and efficiently discharge their responsibilities and accomplish the agency's mission.

The scope of the Internal Auditing Unit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's system of internal control and the quality of performance in carrying out assigned responsibilities.

Internal audits should:

- Review the reliability and integrity of financial and operational information and the means used to identify, measure, classify, and report such information.
- Review the systems established to ensure compliance with these policies, plans, procedures, laws, and regulations, which could have a significant impact on operations and reports, and should determine whether the organization is in compliance.

- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets.
- Appraise the economy and efficiency with which resources are employed.
- Review operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.

RESPONSIBILITY AND AUTHORITY

The internal audit function should be independent to promote objective, comprehensive audit coverage and assure adequate consideration of audit recommendations. To accomplish this, the Internal Audit Unit shall have no direct or indirect authority or responsibility for the operations, programs or systems they audit.

The Internal Auditor reports directly to the State Investment Board Executive Director. The Executive Director will have administration responsibility over the audit function. The Internal Auditor is responsible for designing an internal audit plan, which is approved by the Executive Director, the Audit Committee and the State Investment Board. The Executive Management Team and the Audit Committee will receive reports for their review and action as each element of the audit plan is completed.

The Internal Auditor, in the performance of audits and with stringent accountabilities of safekeeping and confidentiality, will be granted full, free and unrestricted access to all SIB and vendor activities, records, property and personnel.

The Internal Auditor, in carrying out the internal audit function, shall: abide by the *Institute of Internal Auditors Code of Ethics*; conform to the *Standards for the Professional Practice of Internal Auditing*, as promulgated and periodically revised by the IIA; and, adhere to the *Generally Accepted Governmental Auditing Standards* established by the United States General Accounting Office.